

**United States Environmental Protection Agency
Criminal Investigation Division
Investigative Activity Report**

Case Number

0506-0026

Case Title:

██████████ Enterprises Inc.

Reporting Office:
Detroit, MI, Resident Office

Subject of Report:

Interview of ██████████ former Director of the DWSD.

Activity Date:

February 3, 2010

Reporting Official and Date:

██████████ RAC

10-FEB-2010, Signed by: ██████████ RAC

Approving Official and Date:

██████████ SAC

23-FEB-2010, Approved by: ██████████ ASAC

SYNOPSIS

02/03/2010 - U.S. EPA CID Special Agent (SA) ██████████ FBI SA's ██████████ and ██████████ along with Assistant U.S. Attorney's (AUSA) ██████████ and ██████████ interviewed ██████████ former Director of the Detroit Water & Sewerage Department (DWSD). Also present was ██████████ attorney ██████████

DETAILS

On February 3, 2010, U.S. EPA CID Special Agent (SA) ██████████ FBI SA's ██████████ and ██████████ along with Assistant U.S. Attorney's (AUSA) ██████████ and ██████████ interviewed ██████████ former Director of the Detroit Water & Sewerage Department (DWSD). Also present was ██████████ attorney ██████████

██████████ provided ██████████ with an overview of the investigation to date as well as the conditions listed in proffer letter issued by the U.S. Attorney's Office. This letter was signed by AUSA ██████████ AUSA ██████████ and ██████████ at the beginning of the interview.

██████████, Stewart, FL 34997; ██████████ San Antonio, TX 78207; DOB: ██████████; SSN: ██████████; cell phone ██████████.

██████████ started ██████████ career working for Consolidated Edison in the City of New York in the 1970's. ██████████ worked for four years in Con Ed's Engineering Estimation Department and Industrial Engineering Department. ██████████ also earned a degree in Industrial Management and Economics while working at Con Ed.

In the 1980's ██████████ worked as a Cost Engineer for Ebesco doing work in Mexico on constructing a breakwater. ██████████ went back to work for Con Ed for an additional four years in their Government Liaison Department. ██████████ was also employed for eight years by the Jamaican Water Supply in New York. Jamaican is a privately held drinking water supply company located in the City of New York. ██████████ was the Director of Jamaican until it was purchased by the New York Department of Environmental Protection (NYDEP). ██████████ was the Chief of Emergency Construction for NYDEP for about one year. In this capacity ██████████ supervised all emergency construction contracts in the City of New York for both the sewer and water delivery systems. ██████████ left NYDEP to be the Vice President United Water over their Delaware; Bethel, Pennsylvania; and Virginia offices for three or four years. ██████████ then worked for Thames Water as a Vice President covering the Southeast United States and the Caribbean. ██████████ major project for Thames was overseeing the reconstruction of the North Coast Super Aqueduct in Puerto Rico.

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In 2008, [REDACTED] left [REDACTED] employ with the City of Detroit to work for Jupiter Island in Florida after being contacted by the headhunting firm of Hydrics and Struggles. [REDACTED] commented that [REDACTED] was planning on moving from Detroit when this position came about. [REDACTED] was terminated from this job after a change in the political makeup of the Board of Commissioners for the municipality. After losing this job [REDACTED] briefly came back to Detroit to work for Precision Control Instruments (PCI) as a Business Development representative. [REDACTED] contacted [REDACTED] of PCI after [REDACTED] lost [REDACTED] Jupiter Island job and asked if [REDACTED] had any work available and [REDACTED] suggested the Business Development role. During this time [REDACTED] had also applied for a number of jobs including [REDACTED] current position with the Beaxer Metro Water District in San Antonio. [REDACTED] worked for PCI for about a month and a half, leaving to work for Beaxer. [REDACTED] started with Beaxer in December of 2009.

While [REDACTED] was working for Thames Water [REDACTED] was contacted by Hydrics & Struggles regarding the DWSD Director job. [REDACTED] is not sure how Hydrics & Struggles knew of [REDACTED] at this point but regardless recalls that they contacted [REDACTED] about the position. [REDACTED] came to Detroit and interviewed for the job with Mayor [REDACTED] and [REDACTED] from Hydrics & Struggles. [REDACTED] is not sure if [REDACTED] was also present for the interview and may have also met Judge [REDACTED] during this trip. During the interview [REDACTED] told [REDACTED] "if you are looking for a yes [REDACTED] n I am not your [REDACTED] to which [REDACTED] just laughed. [REDACTED] seemed embarrassed by this as [REDACTED] face turned red. [REDACTED] does not know what prompted [REDACTED] to say this.

[REDACTED] did meet with Judge [REDACTED] as a part of the hiring process and recalls that [REDACTED] proposed salary was a topic during the discussions. Due to the existing Consent Decree between the EPA and the City of Detroit Judge [REDACTED] had to authorize [REDACTED] hiring and salary. Hydrics & Struggles recommended [REDACTED] salary be \$240,000 which is "above the normal" for a municipality employee as \$130,000 to \$140,000 is an average amount. [REDACTED] understands that Judge [REDACTED] was involved in the decision making structure on the waste water side of the DWSD and at times was known to weigh in on the water supply side as well. Judge [REDACTED] would often ask about contracts but after [REDACTED] made [REDACTED] the Special Administrator the contracts did not need to go through [REDACTED] for approvals. [REDACTED] was not the Special Administrator when [REDACTED] first started at the DWSD and during this time any contract that needed to be expedited through the approvals processes, including any emergency or high priority contracts were routed through Judge [REDACTED] for approval. [REDACTED] made it a practice to inform [REDACTED] on what was going on in the DWSD but the contracts would still go through the normal evaluation committee which included a technical and price evaluation review. The evaluation committee recommendations were then forwarded to [REDACTED] who could only accept or reject. Prior to [REDACTED] being made the Special Administrator [REDACTED] would forward [REDACTED] recommendations to Judge [REDACTED] who would often ask questions regarding the project's scope and costs.

[REDACTED] described the standard contract review and awarding process: a bid would be let or a request for qualifications would be released: the resulting bid packages were reviewed by the evaluation committee who compiled a total score for each bidder based on the technical review; the Contracts and Grants staff from DWSD would then conduct a financial/cost evaluation of the bid packages; the technical and financial scores were tabulated by Contracts and Grants Manager [REDACTED] who then forwarded the evaluation committee's recommendations to [REDACTED]

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and Deputy Director [REDACTED] [REDACTED] characterized [REDACTED] as a honest individual and [REDACTED] had no reason to doubt [REDACTED] integrity.

[REDACTED] denied changing the process of contracts evaluation at the DWSD. [REDACTED] added that the engineering staff was the sole group who were rating the bidders and that [REDACTED] did insist that all vested parties from the DWSD have a representative on the committee. An evaluation committee consisted of four to five employees each of whom look at each bid independently. Each committee member used a standard list of categories to rate the bids. [REDACTED] also denied changing the process so that each reviewer only looked at one bid and not all. [REDACTED] commented that it didn't make sense to do it this way as the reviewers were to score the bids against each other. [REDACTED] pointed out that the evaluators should not be able to see the price of the bids as the cost should not impact their decisions. The technical score is weighted, added to the cost weighted score and the two are averaged. This is how the scores are tabulated for all bids that are not selected on a low bid basis. [REDACTED] only saw the evaluation committee's recommendation sheet.

[REDACTED] was not involved in selecting the members of the evaluation committees as [REDACTED] didn't want anyone to accuse [REDACTED] of selecting certain engineers. [REDACTED] does not recall who was responsible for selecting the evaluation committee representatives.

[REDACTED] and [REDACTED] from Contracts and Grants were responsible for releasing contracts for bid. Project Management Associates was the DWSD engineering consultant.

[REDACTED] opined that [REDACTED] knew people from the Mayoral Office as [REDACTED] has seen [REDACTED] at various fundraisers and events. [REDACTED] added that [REDACTED] didn't invite [REDACTED] to attend the events so someone from the Mayor's office must have. [REDACTED] thought that [REDACTED] may have been the one to have invited [REDACTED] to these events. [REDACTED] is not aware of [REDACTED] having a special relationship any city contractors.

[REDACTED] was shown a text message from July of 2002 between [REDACTED] and Bernard [REDACTED] in which [REDACTED] says that "the real problem with the DWSD is the evaluation committee" and makes reference to [REDACTED] who has ideas on how to address this. [REDACTED] explained that the only [REDACTED] [REDACTED] knew of was [REDACTED], who used to sit on the Water Board. [REDACTED] has never heard of Evans Solutions.

[REDACTED] went on to say that [REDACTED] and [REDACTED] never liked having the evaluation committee, saying that it bothered them that everything had to go through the committee. [REDACTED] commented that if it was up to [REDACTED] [REDACTED] would have chosen to control the awarding of contracts [REDACTED]. [REDACTED] had very few contacts with [REDACTED] [REDACTED] and didn't trust [REDACTED] due to [REDACTED] demeanor. It was not until later in [REDACTED] tenure that [REDACTED] learned that [REDACTED] [REDACTED] was a consultant. [REDACTED] would frequently tell [REDACTED] that "we gotta get more Detroiters to get contracts."

[REDACTED] was asked if [REDACTED] was ever pressured to give [REDACTED] contracts under an emergency basis. [REDACTED] explained that through [REDACTED] tenure with DWSD [REDACTED] would tell [REDACTED] that "gotta help [REDACTED] when it came to contracts. [REDACTED] may have also said this to [REDACTED] doesn't remember if [REDACTED] was present when these types of comments were made by

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These discussions often took place in [redacted] office. [redacted] would see [redacted] at events and functions but [redacted] rarely came to [redacted] office. [redacted] commented that [redacted] knows these meetings and discussions happened [redacted] just can't say that [redacted] ever called [redacted] to the Mayor's office just to tell [redacted] to give contracts to [redacted] [redacted] added that [redacted] never said such things in a crowd of people. [redacted] then would tell the DWSD employees to give Ferguson's company contracts but to "make it even" meaning also provide an equal amount of work to other emergency contractors such as D'Agostini.

At first [redacted] took [redacted] direction as helping people get work throughout the city. [redacted] later took this direction to something else, after seeing [redacted] and [redacted] together all of the time and learned that they had a long term friendship.

At times [redacted] would tell [redacted] that [redacted] would give contracts to [redacted] if [redacted] company's bids came with costs or [redacted] already had a contract. [redacted] did not respond to these remarks. There was some intensity to [redacted] directives and [redacted] knew that [redacted] was serious. When asked how [redacted] knew this [redacted] explained that at times [redacted] told [redacted] that [redacted] not getting any work" and "[redacted] once told [redacted] that [redacted] needed to "sharpen [redacted] pencil" referencing the fact that [redacted] bids were high. [redacted] did not respond to this comment. [redacted] did not fear losing [redacted] job if [redacted] did not comply with [redacted] directions as [redacted] had a contract with the City of Detroit which provided [redacted] with one year of severance pay and commented that [redacted] would have to explain to Judge [redacted] why [redacted] was terminated.

[redacted] consistently told [redacted] hire [redacted] and "Detroit contractors" adding to hire people "who look like us" while gesturing to [redacted] hand. When asked what firms consisted of "Detroit contractors" [redacted] replied maybe Lakeshore Engineering, although [redacted] is not absolutely positive that [redacted] told [redacted] to [redacted] them. [redacted] did not tell [redacted] to help [redacted] Waters although [redacted] and [redacted] were close. [redacted] was often upset at [redacted] claiming they were the only ones to get work from DWSD and they were from Macomb County. [redacted] explained that the DWSD employees liked [redacted] as the company did good work. [redacted] is not aware of the DWSD staff giving preferential treatment to [redacted] or [redacted] companies. [redacted] and [redacted] knew [redacted] and [redacted] commented that [redacted] liked [redacted].

[redacted] was asked if [redacted] ever steered contractors to hire FEI as a subcontractor on DWSD jobs. [redacted] at times told contractors "see if [redacted] can help you", or "call [redacted], see if you can help [redacted] [redacted] heard from a number of contractors that [redacted] was difficult to deal with and was a hard negotiator. [redacted] commented that [redacted] tried to avoid breaking the law and didn't want to force someone to do something.

The Water Board votes to approve DWSD contracts based on the recommendation of the Director. The matter then goes to the Detroit City Council for approval. If the Water Board did vote against a DWSD contract it was rare. Commissioners [redacted] from Oakland County and [redacted] [redacted] from Macomb County were focused more on the contracts themselves while the other commissioners were concerned with helping Detroit based contractors. All of the commissioners are appointed by the Mayor. Some of the commissioners during [redacted] tenure were appointed by Mayor [redacted] while others were appointed by Mayor [redacted]

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The DWSD budget is typically \$600 to \$800 million a year and is divided fairly equally between operations and maintenance (O&M) and Capital Improvement Projects. The O&M budget is funded by water rates while the Capital Improvement Project budget is funded by a combination of sources including the sale of bonds, state and federal grants and loans from the State Revolving Fund.

██████ knows that the EPA provides grants to the DWSD but is not sure if the U.S. Department of Housing & Urban Development does. The Capital Improvement budget can be held over from year to year. Seventy five percent of the water rates funding comes from the suburbs while the remaining twenty five percent is from City of Detroit users. The City Finance Department holds all monies and the water rates funds and the grants and loans are not supposed to be comingled.

Once ██████ was named the Special Administrator all issues, such as contracts, which had previously went to Judge ██████ now went to ██████ for review and approval. ██████ was asked if this changed ██████ relationship with ██████ in any way. ██████ replied that ██████ being the Special Administrator increased the leverage that ██████ had on the DWSD projects, such as giving ██████ the ability to delay the signing of contracts if ██████ didn't like something. ██████ eventually signed all of the contracts ██████ delayed.

██████ reiterated that throughout ██████ career ██████ told ██████ to hire ██████. It is fair to say that ██████ stood out from the other DWSD contractors in this vein, given ██████ relationship with ██████. When reviewing proposed contracts ██████ asked ██████ who the sub-contractors were and if ██████ knew ██████ would provide this information. ██████ was asked if ██████ ever questioned why ██████ was not a subcontractor, to which ██████ said ██████ could not recall. ██████ added that it "rings true" that ██████ would ask "why isn't ██████ on this?" ██████ characterized ██████ asking about ██████ and ██████ involvement in DWSD contracts as a pattern that occurred over the course of ██████ being the Special Administrator. ██████ commented that everyone knew that if you had FEI on a project there would be no questioning from the administration. Word was already on the street that if you gave ██████ work you wouldn't have problems with the awarding of the contract. ██████ was asked to clarify what problems would be to which ██████ replied that the issues didn't come from ██████ but from ██████. ██████ heard from contractors that ██████ had a direct line to the Mayor's Office. Based on these discussions ██████ was under the impression that ██████ questioned contractors, such as asking why they didn't hire ██████ since ██████ was the Mayor's friend. ██████ was asked if there were any DWSD employees who caused problems for other contractors. ██████ explained that the Engineering Department had the biggest issues.

All of the Department Directors were pressured by ██████ to fundraise for ██████ campaign, the ██████ Civic Fund and Next Vision. ██████ said ██████ was forced to fundraise and at first didn't want to do so. ██████ told ██████ that it was part of ██████ job to fundraise, saying that ██████ was an important person in the city as ██████ gave out a lot of contracts. ██████ agreed that ██████ was equating ██████ position at the DWSD with ██████ ability and requirement to fundraise. The only entities and people ██████ knew in the Detroit area were DWSD contractors and thus is who ██████ was expected to solicit when fundraising. ██████ called contractors from ██████ cell phone or ██████ home phone as ██████ knew ██████ was not supposed to use ██████ office phone. ██████ recalled raising funds for Next Vision and selling tickets to the Vision Awards which benefited the Next Vision fund. The tickets cost \$500 or more and the contractors told ██████ that this type of thing had happened under prior Mayoral Administrations. ██████ learned of upcoming fundraiser events

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from Emma Bell.

██████ also held a fundraiser at ██████ home adding that ██████ later regretted doing it. ██████ felt this way after the media coverage of ██████ and that ██████ wasn't happy with ██████ arrogance, slickness and demeanor. ██████ checked with an attorney prior to holding the fundraiser at ██████ home but cannot remember if it was an attorney from the Law Department or an external law firm. The suggested donation was \$5,000 and the checks were collected by ██████ during the fundraiser. ██████ explained that ██████ had a home office located directly to the left as you entered ██████ home where ██████ met the attendees and collected the checks. ██████ was not sure who the checks were made out to. The invitations were spread by word of mouth and no paper invitations were sent out. ██████ paid for the food for the party while the alcohol was from ██████ home bar. Present at the party was ██████, ██████, ██████ and ██████, representatives from DLZ, DCI ██████, ██████, ██████ Waters, ██████ and Jenkins Construction. ██████ was not sure if the following companies had representatives at the party: ██████ Construction, PCI, Lanzo, Walbridge, Motor City Electric (MCE), PMA, Adamo, Poisen and Lakeshore Engineering. Brinker Construction, Torre & Brugglio, KEO and FEI did not send representatives.

██████ knew ██████ hated to fundraise and on occasion joked that ██████ brought in more money than ██████ did. ██████ never discussed anything else regarding ██████. ██████ donated \$500 to a political action committee once after being asked to do so at a Directors meeting. ██████ made the donation because ██████ "just didn't want to hear lip from ██████. ██████ once contributed \$200 for a birthday present for ██████ after being asked to do so by ██████.

██████ does not specifically recall a Directors meeting where ██████ made a reference to ██████ being ██████ and getting what ██████ wants from the City of Detroit. ██████ added that this statement doesn't surprise ██████ though. ██████ would go to the Directors meetings if ██████ couldn't but there were times when no one from DWSD would attend.

Early on in ██████ employment with DWSD, ██████ and ██████ once rode their motorcycles to ██████ home where they played pool with ██████ and ██████. The group didn't discuss any business related issues. ██████ and ██████ told ██████ that they had lost the Executive Protection Unit officers.

██████ never confronted ██████ directly regarding contracts or related issues and ██████ is not aware of ██████ doing so with any DWSD employees. When conflicts did arise between DWSD and ██████, ██████ directed ██████ staff to ██████. ██████ explained that prime contractors have to get a release from any sub contractors on DWSD contracts in order to get their retainage monies. ██████ has heard from a number of prime contractors that ██████ was a tough negotiator and likely used this fact to ██████ advantage.

One example ██████ using ██████ leverage as the Special Administrator occurred during the awarding of the 800 MHz radio contract. ██████ issued an Administrative Order putting the contract out to bid because it was a part of the Homeland Security implications. The aim of the contract was to ensure that the various city departments could communicate not only with one another but also with outside municipalities. The DWSD possesses the expertise at running major contracts in an expeditious manner. ██████ recalled attending a meeting where the contract was

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first discussed. Present at this meeting were [REDACTED], [REDACTED], [REDACTED], [REDACTED] from the City IT Department and possibly Police Chief [REDACTED].

PMA had oversight of the contract as the project manager and may have been a part of the evaluation committee for the bid. [REDACTED] was the lead engineer for DWSD on the contract. MCE and Motorola were presented as the best, most qualified contractors by the evaluation committee which is the first step in the awarding process. The second step is for [REDACTED] as the Director to sign a letter of intent; the third step is for the Water Board for approval and then to the Mayor for signature as the final step. [REDACTED] explained that once a contractor receives a letter of intent it will commence planning and related work on the contract without any pay. They do this at their own risk as it is very rare that something goes wrong between the letter of intent being issued and a contract being signed.

An issue arose with MCE's minority participation prior to the letter of intent being signed. [REDACTED] from PMA told [REDACTED] that they needed to meet with MCE representatives regarding their minority participation. The meeting was set up by [REDACTED] [REDACTED] met [REDACTED] [REDACTED] of MCE and maybe a fourth person at the Starbucks on Orchard Lake Road to discuss the issue. The fourth person may have been [REDACTED] from MCE although [REDACTED] cannot recall specifically. [REDACTED] described how the group stood in the parking lot at the Starbucks. [REDACTED] could have asked [REDACTED] to set up the meeting, or [REDACTED] could have. [REDACTED] was certain that [REDACTED] knew that [REDACTED] was to get a portion of the contract and would have learned this from [REDACTED] [REDACTED] had the impression that [REDACTED] was talking to [REDACTED] directly. [REDACTED] would remark that [REDACTED] had spoken to the Mayor.

It is possible that [REDACTED] [REDACTED] during [REDACTED] meeting with [REDACTED] and the others but knew that [REDACTED] was to relay the message that the Mayor's not going to let me sign the letter of intent if [REDACTED] doesn't get [REDACTED] piece of the contract. [REDACTED] recalled [REDACTED] was angry during this meeting and the issue was not resolved. [REDACTED] does not know if [REDACTED] called [REDACTED] to say how the meeting went but it is possible if that [REDACTED] or [REDACTED] did so.

[REDACTED] recalls being told by [REDACTED] that [REDACTED] would be [REDACTED]" and that [REDACTED] should get a sub contract for the job.

SA [REDACTED] pointed out that the minority participation is taken into consideration in the scoring conducted by the evaluation committee. [REDACTED] agreed with this and added that [REDACTED] the sub contractors are listed in the bid response but this information is not normally transmitted outside the evaluation committee. [REDACTED] does not know how [REDACTED] would have learned that [REDACTED] was not a sub contractor to MCE on the 800 MHz. [REDACTED] speculated that [REDACTED] could have learned this from someone in Contracts and Grant, from [REDACTED] himself, or [REDACTED] could have asked [REDACTED] who the sub contractors were on the project.

[REDACTED] was shown a text message dated August 5, 2003 in which [REDACTED] asks [REDACTED] if [REDACTED] can sign the letter of intent for the 800 MHz contract and that the "outstanding issue resolved at 14% of contract." [REDACTED] recalled going to [REDACTED] office to prior to the meeting at the Starbucks to discuss the contract. During this meeting [REDACTED] could have told [REDACTED] a percentage to give to [REDACTED] [REDACTED] added that the only way [REDACTED] come up with 14% is if [REDACTED] told [REDACTED] it,

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that it had to have come from [REDACTED] as it would not have been [REDACTED] idea. [REDACTED] commented that 14% “sticks in [REDACTED] head” as a figure provided to [REDACTED] and not \$20 million and percentages is how they structure contracts. [REDACTED] was called to [REDACTED] office specifically to discuss the percentage which would be given to [REDACTED] company. [REDACTED] added that it is not out of character for [REDACTED] to call [REDACTED] to [REDACTED] office to discuss a particular contract or contractor. The 800 MHz contract was a “huge deal for them” referencing the Mayor’s Administration. [REDACTED] spoke to [REDACTED] alone “99% of the time” when discussing contracts.

The delay of the letter of intent caused [REDACTED] to get a lot of pressure from [REDACTED] of MCE. [REDACTED] explained to the interviewing agents that the only reason there was a delay in [REDACTED] signing the letter of intent was the issue the sub contract not being awarded to [REDACTED] [REDACTED] was clear that [REDACTED] didn’t want [REDACTED] to sign the letter of intent until [REDACTED] got [REDACTED] sub contract. [REDACTED] held the draft letter of intent on [REDACTED] desk and would not allow [REDACTED] to sign it until [REDACTED] received [REDACTED] sub contract, or at least the agreement to do so. [REDACTED] only recalls one letter of intent being drafted and said it would be uncommon for two letters to be issued or drafted. [REDACTED] asked [REDACTED] for permission to sign the letter of intent but was told by [REDACTED] to wait.

[REDACTED] does not remember when exactly [REDACTED] first mentioned [REDACTED] as a possible sub contractor but is certain that [REDACTED] did. [REDACTED] told [REDACTED] that [REDACTED] liked [REDACTED] and that [REDACTED] was “a good guy.” [REDACTED] may have made reference to [REDACTED] being a “good supporter” of [REDACTED]. [REDACTED] does recall checking out White’s reputation as a contractor prior to giving direction to MCE to hire [REDACTED]. [REDACTED] felt it was very important to have [REDACTED] on this contract because the message was coming from [REDACTED].

[REDACTED] was asked if [REDACTED] went to a Tigers game and met with [REDACTED] of MCE and [REDACTED] in the Illitch suite and told the two to shake hands on the deal and that [REDACTED] job was on the line if they didn’t. [REDACTED] confirmed that [REDACTED] went to the Illitch box during a Tigers game and made the two shake hands but commented that for [REDACTED] to say that [REDACTED] job was on the line was “out of character.” [REDACTED] was told to go to the Illitch box and someone gave [REDACTED] a ticket to the game although [REDACTED] doesn’t remember who. [REDACTED] told [REDACTED] to go to the game and “see them hand shake on the deal.” [REDACTED] pointed out that [REDACTED] didn’t take instructions from anyone other than [REDACTED]. While they were at the Illitch box [REDACTED] and [REDACTED] told [REDACTED] that they had already worked out the details of the deal and the two shook hands. [REDACTED] left the Illitch box right after seeing the hand shake. It is probable that [REDACTED] told [REDACTED] that everything was okay and that [REDACTED] saw the two shake hands.

[REDACTED] reviewed text messages between [REDACTED] and [REDACTED] dated August 5th and 6th, 2003. [REDACTED] agreed after reading the messages that they were sent after the Tigers game meeting. [REDACTED] said it was not all that uncommon that [REDACTED] texted [REDACTED] as it was difficult to get a hold of the Mayor.

[REDACTED] clearly recalls that the message [REDACTED] was given from [REDACTED] and the message [REDACTED] relayed to MCE was that the contract would not be signed by [REDACTED] if [REDACTED] did not get the sub contract job. [REDACTED] characterized [REDACTED] as firm on the issue of [REDACTED] getting [REDACTED] sub contract or else [REDACTED] would not let [REDACTED] sign the letter of intent. When [REDACTED] told [REDACTED] this [REDACTED] told the Mayor [REDACTED] and asked “why do we have to do this?” [REDACTED] replied that

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“this is the way it is” and that the letter was not going out without [REDACTED] participation. [REDACTED] was aware that MCE already had subcontractors lined up for the project and that someone would be losing out [REDACTED] just didn’t know who.

[REDACTED] was asked if [REDACTED] attended a party at the Manoogian Mansion on July 23, 2003, for [REDACTED] [REDACTED] did not recall a specific event for [REDACTED] but has been to parties at the Manoogian when [REDACTED] was present. [REDACTED] recalls talking to [REDACTED] at the Manoogian about the 800 MHz contract when [REDACTED] and [REDACTED] were there, maybe [REDACTED] too. [REDACTED] does not recall the context of the conversation but reiterated that it was about the contract.

[REDACTED] attitude was that they shouldn’t have to tell anyone who their sub contractors were. At the time [REDACTED] didn’t believe it was illegal but knew it was wrong. [REDACTED] does not recall telling anyone else about the directive given by [REDACTED] regarding the 800 MHz contract.

Most of the times [REDACTED] went to [REDACTED] office [REDACTED] had to sign in and there are likely at lot of times [REDACTED] signed in around the time of the 800 MHz contract issues.

[REDACTED] reviewed text messages dated March 26th and 27th, 2004. [REDACTED] explained that the March 26th text may have been in reference to the Administrative Order for the 800 MHz contract. [REDACTED] recalled that [REDACTED] was really upset about the situation and vented to [REDACTED] that [REDACTED] was [REDACTED] and may have walked out of [REDACTED] office, which could be what the March 27th texts are about.

During the 800 MHz contract a change order was submitted for asbestos removal. [REDACTED] asked [REDACTED] what the change order was for and [REDACTED] told [REDACTED] that there was a big asbestos problem at one of the sites. [REDACTED] [REDACTED], and [REDACTED] threatened to fire MCE from the contract over the asbestos change order. This did make sense to [REDACTED] as it seemed like something that had to be dealt with. MCE had an asbestos survey prepared for the site but [REDACTED] thought the price to remove the asbestos was way too high. [REDACTED] told MCE that they had to get the cost down so the abatement costs were looked at again and the cost came down.

[REDACTED] regularly received progress reports on the 800 MHz contract from [REDACTED] and MCE.

[REDACTED] opined that the way [REDACTED] sees it someone from MCE had to have contact with [REDACTED] and [REDACTED] staff. MCE, [REDACTED] LSE and FEI all had so much contact with [REDACTED] and [REDACTED] staff that it was uncanny to [REDACTED]

[REDACTED] recalled stopping by Kilpatrick’s office to see someone and noticing that [REDACTED] was having a meeting with a number of people. [REDACTED] described how [REDACTED] office had glass walls/windows and [REDACTED] could see people in with [REDACTED] opened the door to the office and told [REDACTED] to come in. [REDACTED] introduced the people in [REDACTED] office as being from Johnson Controls. [REDACTED] does not recall their names but does remember that one of them was the President of the company. After the contract for the automatic meter readers was let [REDACTED] called [REDACTED] to say that radio host [REDACTED] was reporting that [REDACTED] was going to get the contract. [REDACTED] told [REDACTED] that “it was already done” and the contract was going to be given to the joint

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venture involving [REDACTED] and [REDACTED]. [REDACTED] recalls being asked to come to [REDACTED] office where [REDACTED] met with [REDACTED], [REDACTED] and maybe [REDACTED] and [REDACTED]. During this meeting [REDACTED] asked "can't you help out Johnson Controls?" [REDACTED] told [REDACTED] that no, [REDACTED] couldn't help Johnson Controls as the deal had been done.

[REDACTED] is not aware of any specific instances when bid dates were extended, although [REDACTED] believes it does happen. The DWSD engineers and contracts and grants staff has the ability to extend bid dates.

[REDACTED] was asked if [REDACTED] attended a meeting in the Mayor's Office conference room with [REDACTED], [REDACTED] and [REDACTED] where [REDACTED] remarked that they didn't have "the right Detroit contractors" on a bid. [REDACTED] remarked that it sounded familiar and may have happened.

[REDACTED] was then asked about the Baby Creek/Patton Park contract. [REDACTED] explained that the agreement to renovate the Patton Park Recreation Center was struck prior to [REDACTED] arrival in Detroit. [REDACTED] was not aware of any stipulation or agreement that [REDACTED] give the Patton Park contract to FEI although [REDACTED] knew [REDACTED] company was doing the work.

In regards to the dirt pile left at the Patton Park site, [REDACTED] told [REDACTED] to get rid of it. Either [REDACTED] or [REDACTED] from Walbridge said that [REDACTED] from the DWSD wanted to turn the dirt pile into a slide but that idea was rejected. [REDACTED] complained to [REDACTED] about the dirt pile to which [REDACTED] told [REDACTED] [REDACTED] didn't want to hear about it, just get rid of it. [REDACTED] does not recall discussing this issue with anyone from Walbridge during an event at the Roostertail restaurant. [REDACTED] reviewed a text message exchange between [REDACTED] and [REDACTED] regarding the dirt. [REDACTED] doesn't recall [REDACTED] weighing in on this topic. [REDACTED] is not surprised by the level of [REDACTED] involvement because it had to do with [REDACTED]

[REDACTED] was then shown text messages between [REDACTED] and [REDACTED] dated March 18, 2004, in which [REDACTED] remarks that [REDACTED] is "slickman" and [REDACTED] replies that [REDACTED] has something on [REDACTED] ([REDACTED] does not know what [REDACTED] is referring to and [REDACTED] never told [REDACTED] that [REDACTED] had anything on [REDACTED]

[REDACTED] finds it odd that [REDACTED] asks [REDACTED] to talk to [REDACTED] from DWSD purchasing in a text message exchange dated February 10, 2002.

[REDACTED] recalled that the Walbridge General Contractor fee on the Patton Park project was an issue. [REDACTED] knows that [REDACTED] spoke to [REDACTED] and possibly [REDACTED] about it but thought that the fee was not reduced. [REDACTED] attended a meeting where Walbridge representatives made a presentation to justify the 5% fee. [REDACTED] agreed that 5% was a standard percentage for such contracts. [REDACTED] opinion was that if the fee was reduced it meant a savings to the DWSD and thus it was a good thing. It was not [REDACTED] understanding that the money would remain in the contract amount. SA [REDACTED] informed [REDACTED] that the fee was reduced to 2.5% and all of the monies remained in the contract. [REDACTED] said that it was possible that the fee was reduced without [REDACTED] knowledge. SA [REDACTED] told [REDACTED] that the agents have been told by many witnesses that [REDACTED] ([REDACTED] was adamantly opposed to lowering Walbridge's fee and that it was discussed in a meeting. [REDACTED] stated that [REDACTED] does not recall this meeting.

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█████ was shown a text message dated 6/17/03 between █████ and Vincent Anuwunah, to which █████ commented "oh shit I didn't realize they were that close." █████ explained that █████ was heavily involved in Patton Park and tried to hone in and take control of the project.

█████ was happy with the performance of DLZ on the downtown water main contracts. There were no problems with the execution of the contract that █████ can recall. DLZ used companies which were already under contract with DWSD to perform the work and the contract was completed on time and under or at budget. █████ forte is water line replacement so █████ was in support of this contract and the way in which it was executed. The project was structured on a task based approval meaning once a task was near completion the contract was given a new task. The original contract called for 50,000 feet to be replaced but DLZ was able to get 55,000 completed. This meant that the contract met all of the objectives for the upcoming Super Bowl and All Star Game. █████ remarked that █████ was a chronic complainer on contract issues. DLZ did run into either performance or completion related issues with █████ on this contract.

█████ reviewed a text message dated October 14, 2003, from █████ to █████ in which █████ asks █████ asking if █████ can review and approve the water main replacement work. █████ does not remember █████ discussing this with █████ and would if █████ had done so.

█████ then reviewed a text message dated February 12, 2004 where █████ tells █████ that █████ stopped negotiating with █████ and was going to give water main work to other contractors. █████ recalls █████ giving DLZ a hard time on their negotiations but explained that it was █████ who stopped negotiating with DLZ. DLZ told █████ of the issue, to which █████ told DLZ to give the work to other contractors.

█████ complained to █████ on occasion about work going to █████ contractors verses black contractors. █████ told █████ █████ didn't care if it is black or █████ it is green that matters, that the contractors had to get the jobs done to get the money.

█████ does not recall anything controversial about the awarding of CM 2014 and CM 2015. SA █████ pointed out that DLZ, despite having just successfully completed the prior water main replacement contract, lost the bid for the two successive contracts. █████ said █████ would need to review the bid evaluations in order to refresh █████ memory.

Synagro bought the contract and rights from Minergy for the sludge processing and handling operations at the DWSD waste water treatment plant. █████ was told by █████ to get the deal done with Synagro. █████ wanted to scrap the whole deal and start over again, citing the age of the contract as a concern. █████ did think that the premise for the contract was a good one, in that the DWSD would not have to refurbish the incinerator and they would get a better employee set out of the deal. █████ did not know why █████ cared about the contract. █████ characterized █████ as firm in █████ position that █████ get the deal done. The contract didn't seem to be a high priority for █████ but █████ did question █████ once in a while on the status.

█████ was told that █████ █████ bragged about overcoming █████ opposition to the Synagro contract two months before the matter went to the City Council for approval. █████ replied that was news to █████ and opined that this could be the same time or after █████ told █████

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to get the deal done. [REDACTED] is the only person who asked [REDACTED] to go in front of the City Council to support the contract. [REDACTED] was not aware that Bernard [REDACTED] was getting paid by [REDACTED] until [REDACTED] learned of it through the news media. If [REDACTED] had known this [REDACTED] might have went to the attorneys for the city. It wasn't until a few years into [REDACTED] tenure with DWSD that [REDACTED] heard that [REDACTED] had a consulting company called Maestro. [REDACTED] often came up to [REDACTED] and say [REDACTED] need to talk to [REDACTED] but never followed through on it. Mayor [REDACTED] once told [REDACTED] to help out [REDACTED] if [REDACTED] could.

[REDACTED] in an "honest gesture" offered [REDACTED] a place to stay in Florida when [REDACTED] learned that [REDACTED] was going to Marco Island. [REDACTED] turned down [REDACTED] offer. [REDACTED] also asked [REDACTED] if [REDACTED] wanted to an airplane ride to Mackinaw for the annual convention. [REDACTED] turned down this offer as well and drove a city owned vehicle.

[REDACTED] [REDACTED] of Dykema Gossett, [REDACTED] from the Law Department and [REDACTED] were all involved in negotiating the Synagro contract from the logistics and technical aspect. [REDACTED] and [REDACTED] presented the contract to the Water Board. [REDACTED] asked [REDACTED] to attend a City Council meeting and endorse the contract but [REDACTED] refused. The only time [REDACTED] went to City Council meetings was for water rates issues and not for contracts.

[REDACTED] was on vacation in Mackinaw when [REDACTED] and [REDACTED] had to drive home due to a family issue. The couple drove home on a Saturday and the next day [REDACTED] received news that there had been a major sewer collapse on 15 Mile Road. [REDACTED] spent quite a bit of time at the site over the course of the repair. On that Sunday [REDACTED] met [REDACTED], [REDACTED] and representatives from the City of Sterling Heights at the site. [REDACTED] and [REDACTED] had already called [REDACTED] as [REDACTED] was the largest contractor who could handle this sort of emergency. [REDACTED] was the DWSD project engineer assigned to the job. [REDACTED] was later brought in as the Construction Manager for the job and it was DWSD's decision to move all of the subcontractors under [REDACTED] instead of under [REDACTED]. [REDACTED] position at the time was that they were paying both [REDACTED] and [REDACTED] to supervise the sub contractors which didn't make any sense. [REDACTED] still coordinated the activities of the subcontractors.

[REDACTED] was shown a text message exchange between [REDACTED] and [REDACTED] from September 1, 2004. [REDACTED] explained that [REDACTED] did end up doing some of the hauling from the site and that [REDACTED] was given this work either by [REDACTED] or [REDACTED]. [REDACTED] was also shown a text message dated September 7, 2004 in which [REDACTED] tells [REDACTED] to call [REDACTED] and tell [REDACTED] that if "Gino makes 2.00 FEI makes 2.00" and that [REDACTED] would be checking invoices. [REDACTED] never communicated this message to [REDACTED]. [REDACTED] added that the invoices were prepared by [REDACTED] and that [REDACTED] didn't review them, much less the Mayor. [REDACTED] was asked if the nature and content of the text message surprised [REDACTED] to which [REDACTED] replied "not now." The 15 Mile job ended up costing \$55 million and was classified as a Time and Materials contract. DWSD paid out monies directly to [REDACTED] who then paid the sub contractors.

[REDACTED] does not recall much about the WS 623 contract which was referred to as the 8 Mile project. [REDACTED] agrees that it is unusual to see a contract's value increase from \$5 million to \$12.5 million via one change order.

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Spoils from a sewer excavation can be used as backfill on site if they are not found to be contaminated. The cost for this is not bulleted out but is built into the pipe replacement unit pricing. All unused soils have to be disposed of or removed by the contractor. All contaminated soils must, by contract, be properly disposed of by the contractor.

██████ was questioned about the DWSD contract 844A which was for security upgrades to various DWSD facilities. ██████ recalled that the evaluation committee for originally recommended MCE be awarded the contract but it was awarded to DFT. ██████ added that ██████ would have to have a reason to accept or reject the recommendation of the evaluation committee but could not recall what it was in this instance. ██████ was then shown a memo from ██████ dated April 2004, including a handwritten note on the second page of the memo. After reading the handwritten note ██████ stated that was why ██████ agreed to go against the recommendation of the evaluation committee. ██████ said that ██████ trusted ██████ and if ██████ felt that it should not be awarded to MCE then ██████ would have agreed with ██████. Regarding the “not what Board intend” statement in the handwritten notes ██████ explained that it was referring to the way the contract was written. ██████ told ██████ that the evaluation committee was playing favorites by awarding the contract to MCE. ██████ did not know that ██████ was involved in the DFT joint venture. ██████ did not question ██████ recommendation to reject the evaluation committee’s recommendation but looking at it now ██████ should have.

██████ does recall talking to ██████ about the work schedule for the contract. ██████ was not aware of that ██████ of Weiss Construction was asked to finish the portion of the contract with FEI was supposed to have completed. ██████ added that it is not uncommon to ask a contractor who has monies left in a contract to add work to it. ██████ does not remember calling ██████ and asking ██████ to complete the work on 844A. ██████ said ██████ was not aware that DFT failed to meet their contract deadlines and that there work had to be repaired by another contractor.

The interview was concluded with the agreement to continue it at a later date.